

**ASSEMBLY BILL**

**No. 1374**

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**Introduced by Assembly Member Cedillo**

February 18, 2011

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An act to amend Section 1812.503 of the Civil Code, relating to employment agencies.

LEGISLATIVE COUNSEL'S DIGEST

AB 1374, as introduced, Cedillo. Employment agencies.

Existing law, the Employment Agency, Employment Counseling, and Job Listing Services Act, requires an employment agency to maintain a bond issued by a surety company admitted to do business in the state.

This bill would make a technical, nonsubstantive change to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 1812.503 of the Civil Code is amended  
2     to read:  
3     1812.503. (a) Every employment agency subject to this title  
4     shall maintain a bond issued by a surety company admitted to do  
5     business in this state. The principal sum of the bond shall be three  
6     thousand dollars (\$3,000). A copy of the bond shall be filed with  
7     the Secretary of State.  
8     (b) The bond required by this section shall be in favor of, and  
9     payable to, the people of the State of California and shall be

1 conditioned that the person obtaining the bond ~~will~~ *shall* comply  
2 with this title and ~~will~~ *shall* pay all sums due any individual or  
3 group of individuals when the person or his or her representative,  
4 agent, or employee has received those sums. The bond shall be for  
5 the benefit of any person or persons damaged by any violation of  
6 this title or by fraud, dishonesty, misstatement, misrepresentation,  
7 deceit, unlawful acts or omissions, or failure to provide the services  
8 of the employment agency in performance of the contract with the  
9 jobseeker, by the employment agency or its agents, representatives,  
10 or employees while acting within the scope of their employment.

11 (c) (1) No employment agency shall conduct any business  
12 without having a current surety bond in the amount prescribed by  
13 this title and filing a copy of the bond with the Secretary of State.

14 (2) Thirty days prior to the cancellation or termination of any  
15 surety bond required by this section, the surety shall send a written  
16 notice of that cancellation or termination to both the employment  
17 agency and the Secretary of State, identifying the bond and the  
18 date of cancellation or termination.

19 (3) If any employment agency fails to obtain a new bond and  
20 file a copy of that bond with the Secretary of State by the effective  
21 date of the cancellation or termination of the former bond, the  
22 employment agency shall cease to conduct any business unless  
23 and until a new surety bond is obtained and a copy of that bond is  
24 filed with the Secretary of State.

25 (d) When a deposit has been made in lieu of the bond pursuant  
26 to Section 995.710 of the Code of Civil Procedure, the person  
27 asserting a claim against the deposit shall, in lieu of Section  
28 996.430 of the Code of Civil Procedure, establish the claim by  
29 furnishing evidence to the Secretary of State of a money judgment  
30 entered by a court together with evidence that the claimant is a  
31 person described in subdivision (b).

32 (e) When a claimant has established the claim with the Secretary  
33 of State, the Secretary of State shall review and approve the claim  
34 and enter the date of approval thereon. The claim shall be  
35 designated an “approved claim.”

36 (f) When the first claim against a particular deposit has been  
37 approved, it shall not be paid until the expiration of a period of  
38 240 days after the date of its approval by the Secretary of State.  
39 Subsequent claims that are approved by the Secretary of State  
40 within the same 240-day period shall similarly not be paid until

1 the expiration of the 240-day period. Upon the expiration of the  
2 240-day period, the Secretary of State shall pay all approved claims  
3 from that 240-day period in full unless the deposit is insufficient,  
4 in which case each approved claim shall be paid a pro rata share  
5 of the deposit.

6 (g) When the Secretary of State approves the first claim against  
7 a particular deposit after the expiration of a 240-day period, the  
8 date of approval of that claim shall begin a new 240-day period to  
9 which subdivision (f) shall apply with respect to any amount  
10 remaining in the deposit.

11 (h) After a deposit is exhausted, no further claims shall be paid  
12 by the Secretary of State. Claimants who have had their claims  
13 paid in full or in part pursuant to subdivision (f) or (g) shall not  
14 be required to return funds received from the deposit for the benefit  
15 of other claimants.

16 (i) When a deposit has been made in lieu of a bond, the amount  
17 of the deposit shall not be subject to attachment, garnishment, or  
18 execution with respect to an action or judgment against the  
19 employment agency, other than as to an amount as no longer  
20 needed or required for the purpose of this title that would otherwise  
21 be returned to the employment agency by the Secretary of State.

22 (j) The Secretary of State shall retain a cash deposit for two  
23 years from the date the Secretary of State receives written  
24 notification from the assignor of the deposit that the assignor has  
25 ceased to engage in the business of an employment agency or has  
26 filed a bond pursuant to subdivision (a), provided that there are no  
27 outstanding claims against the deposit. This written notice shall  
28 include all of the following: (1) name, address, and telephone  
29 number of the assignor; (2) name, address, and telephone number  
30 of the bank at which the deposit is located; (3) account number of  
31 the deposit; and (4) a statement whether the assignor is ceasing to  
32 engage in the business of an employment agency or has filed a  
33 bond with the Secretary of State. The Secretary of State shall  
34 forward an acknowledgment of receipt of the written notice to the  
35 assignor at the address indicated therein, specifying the date of  
36 receipt of the written notice and anticipated date of release of the  
37 deposit, provided there are no outstanding claims against the  
38 deposit.

39 (k) A judge of a superior court may order the return of the  
40 deposit prior to the expiration of two years upon evidence

1 satisfactory to the judge that there are no outstanding claims against  
2 the deposit or order the Secretary of State to retain the deposit for  
3 a sufficient period beyond the two years pursuant to subdivision  
4 (j) to resolve outstanding claims against the deposit account.

5 (l) The Secretary of State shall charge a filing fee not to exceed  
6 the cost of filing the bond or deposit filed in lieu of a bond as set  
7 forth in Section 995.710 of the Code of Civil Procedure.

8 (m) The Secretary of State shall enforce the provisions of this  
9 chapter that govern the filing and maintenance of bonds and  
10 deposits in lieu of bonds.

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